

**STATE INVESTMENT BOARD
MINUTES OF THE
SEPTEMBER 21, 2007, BOARD MEETING**

BOARD MEMBERS PRESENT: Howard Sage, Vice Chair
Clarence Corneil, TFFR Board
Mike Gessner, TFFR Board
Ron Leingang, PERS Board
Gary Preszler, Land Commissioner
Mike Sandal, PERS Board
Kelly Schmidt, State Treasurer
Cindy Ternes, Workforce Safety & Insurance
Bob Toso, TFFR Board

BOARD MEMBERS ABSENT: Lt. Governor Jack Dalrymple, Chair,
Insurance Commissioner

STAFF PRESENT: Steve Cochrane, Executive Director
Fay Kopp, Deputy Executive Director
Connie Flanagan, Fiscal & Investment Officer
Susan Gefroh, Investment Accountant
Bonnie Heit, Office Manager
Dottie Thorsen, Internal Audit

OTHERS PRESENT: Weldee Baetsch, former SIB trustee
James Carder, Westridge Capital Management
Miguel Gonzalo, Adams Street Partners (teleconference)
Lucy Nicholls, Adams Street Partners (teleconference)
Jack Reynolds, Westridge Capital Management
Aaron Webb, Attorney General's Office

CALL TO ORDER:

Mr. Howard Sage, Vice Chair, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, September 21, 2007, in the Ft. Union Room, at the State Capitol, Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: MR. CORNEIL, MR. GESSNER, MR. LEINGANG, COMMISSIONER PRESZLER, MR. SAGE, MR. SANDAL, TREASURER SCHMIDT, MS. TERNES, AND MR. TOSO

MINUTES:

The Board considered the minutes of the August 17, 2007, meeting,

MR. CORNEIL MOVED AND MR. GESSNER SECONDED TO APPROVE THE AUGUST 17, 2007, MEETING MINUTES.

AYES: MS. TERNES, COMMISSIONER PRESZLER, MR. GESSNER, MR. LEINGANG, MR. SAGE, MR. SANDAL, MR. TOSO, MR. CORNEIL, AND TREASURER SCHMIDT

NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR DALRYMPLE, INSURANCE COMMISSIONER

BOARD EDUCATION:

Adams Street Partners - Mr. Miguel Gonzalo and Ms. Lucy Nicholls, Adams Street Partners, reviewed their Non US Private Equity Partnership Fund which has an annual opening.

A copy of their presentation is on file at the Retirement and Investment Office.

Westridge Capital - Mr. James Carder and Mr. Jack Reynolds, Westridge Capital Management, Inc., reviewed a portable alpha product that could possibly be used within the fixed income allocation in the Pension Trust.

A copy of their presentation is on file at the Retirement and Investment Office.

The Board recessed at 10:40 a.m. and reconvened at 10:55 a.m.

Mr. Sage distributed information on Cost Effectiveness Measurement, Inc. (CEM) a company based in Toronto, Canada, that provides performance measurement, detailed investment cost analysis, and risk measurement services to public and private pension plans. Discussion of related issues will be included in the November planning meeting.

GOVERNANCE:**INVESTMENTS**

Private Equity - Mr. Cochrane reviewed the Adams Street Partners Non Us Private Equity Partnership Fund and recommended an allocation of \$10 million.

TREASURER SCHMIDT MOVED AND MR. CORNEIL TO INVEST \$10 MILLION IN ADAMS STREET PARTNERS NON US PRIVATE EQUITY PARTNERSHIP FUND.

AYES: MR. GESSNER, MR. CORNEIL, MR. LEINGANG, MR. TOSO, MS. TERNES, TREASURER SCHMIDT, COMMISSIONER PRESZLER, AND MR. SAGE

NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR DALRYMPLE, INSURANCE COMMISSIONER, MR. SANDAL

Fixed Income - Mr. Cochrane reviewed Westridge Capital's portable alpha product and recommended allocating \$50 million in the Pension Trust Domestic Fixed Income portfolio.

COMMISSIONER PRESZLER MOVED AND MS. TERNES SECONDED TO MOVE \$50 MILLION FROM BANK OF NORTH DAKOTA TO WESTRIDGE'S LEHMAN AGGREGATE ALPHA PRODUCT WITH THE STIPULATION THAT THE CASH COLLATERAL IS WITHIN THE ALLOCATION.

AYES: MR. CORNEIL, MR. GESSNER, MR. TOSO, MR. SAGE, MRS. TERNES, COMMISSIONER PRESZLER, MR. LEINGANG, AND TREASURER SCHMIDT

NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR DALRYMPLE, INSURANCE COMMISSIONER, MR. SANDAL

WSI Guidelines - Mr. Cochrane discussed with the Board Workforce Safety & Insurance's (WSI) investment guidelines that were revised and approved at their August 30, 2007 board meeting. WSI Board of Directors approved reclassifying the Treasury Inflation Protected (TIPS) allocation to Inflation Protected Assets. He requested approval of WSI's revised guidelines.

TREASURER SCHMIDT MOVED AND MR. GESSNER SECONDED TO APPROVE WSI'S REVISED GUIDELINES AS PRESENTED.

AYES: MR. GESSNER, COMMISSIONER PRESZLER, MR. LEINGANG, MS. TERNES, TREASURER SCHMIDT, MR. TOSO, MR. CORNEIL, MR. SAGE, AND MR. SANDAL
NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR DALRYMPLE, INSURANCE COMMISSIONER

MR. GESSNER MOVED AND MR. CORNEIL SECONDED TO ALLOCATE \$60 MILLION OF WSI'S INFLATION PROTECTED PORTFOLIO TO TIMBERLAND INVESTMENT RESOURCES.

AYES: TREASURER SCHMIDT, MS. TERNES, MR. LEINGANG, MR. SANDAL, MR. GESSNER, MR. CORNEIL, COMMISSIONER PRESZLER, MR. TOSO, AND MR. SAGE
NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR DALRYMPLE, INSURANCE COMMISSIONER

ADMINISTRATION

Contingency Budget - Mrs. Connie Flanagan, Fiscal and Investment Officer, requested authorization to spend \$12,383 from the office contingency line to purchase a copier/printer/fax/scanning machine. No funds were budgeted in the capital assets line item of the office budget and the office is not allowed to spend operating funds on a purchase of equipment greater than \$5,000. The State has entered into a contract for these types of machines and it would be more cost effective to purchase than to lease a machine.

TREASURER SCHMIDT MOVED AND MR. TOSO SECONDED TO UTILIZE \$12,383 FROM THE CONTINGENCY LINE ITEM TO PURCHASE A COPIER/PRINTER/FAX/SCANNING MACHINE.

AYES: MR. TOSO, TREASURER SCHMIDT, MR. CORNEIL, COMMISSIONER PRESZLER, MR. SAGE, MR. GESSNER MR. LEINGANG, AND MS. TERNES
NAYS: NONE

MOTION CARRIED

ABSENT: LT. GOVERNOR DALRYMPLE, INSURANCE COMMISSIONER, MR. SANDAL

OTHER:

Mr. Cochrane stated at last month's meeting the Board discussed whether they would benefit from joining Council of Institutional Investor's (CII). Commissioner Preszler stated the Land Board approved entering into a trial

subscription membership. The SIB tabled joining CII and will possibly revisit the issue in the future.

The next SIB and SIB Audit Committee meetings are scheduled for October 19, 2007, at 8:30 a.m. and 1:00 p.m. respectively at the State Capitol, Ft. Union Room, 600 E. Boulevard, Bismarck.

The SIB afternoon process/procedure session scheduled for September 21, 2007 will be held the afternoon of November 16, 2007.

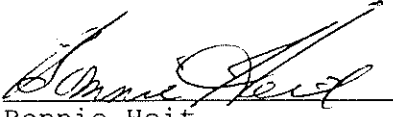
ADJOURNMENT:

With no further business to come before the Board, Mr. Sage adjourned the meeting at 11:25 a.m.

Respectfully Submitted:



Mr. Howard Sage, Vice Chair
State Investment Board



Bonnie Heit
Reporting Secretary